

WORKING WITH GREENSBORO AFFORDABLE HOME LOAN INITIATIVE (GAHLI) PROGRAM IS AS EASY AS 1-2-3

STEP 1: LEARN

Applicants interested in GAHLI should contact Greensboro Housing Counseling Service (GHCS) to schedule a one-hour prequalification interview with the housing counselor. The following documents should be brought to the interview:

- \$25 non-refundable processing fee (paid upon acceptance into the program)
- Photo identification (such as a driver's license)
- Proof of income and employment for the past three years (recent paystubs, federal tax returns along with W2's for the last three years)
- Bank statements showing current checking and savings account balances

The one hour interview will cover program eligibility requirements, lending criteria and credit worthiness. A credit report will be pulled and discussed with applicant(s). If the applicant(s) is determined to be ready, the GHCS housing counselor will discuss the next steps. If it is determined that the applicant(s) is not ready, the counselor will determine what steps will be necessary to qualify for assistance in the future.

Applicants accepted into the program will be enrolled in a local eight-hour pre- and post-purchase (classroom) training program. Completion of these courses is mandatory before a homebuyer signs a purchase contract or receives GAHLI financial assistance. The homebuyer education program is generally a two-part program, which covers such topics as credit, fair housing, mortgage financing, working with a realtor, understanding what you are signing at closing, refinancing, home maintenance, the rights and responsibilities of homeownership, family budget management, and homeowner's insurance.

STEP 2: SEARCH

Eligible properties include new, existing or

rehabilitated single-family homes and condominiums, with the purchase price for new construction not to exceed \$175,000 and for existing properties not to exceed \$160,000. Properties must be located within the Greensboro city limits and must meet local housing code standards. Manufactured housing must meet the Manufactured Home Construction and Safety Standards. Other specific conditions apply to manufactured homes.

When an eligible buyer has selected a home and the sales contract has been executed, it must be submitted to GHCS for review and approval. A home inspection will be scheduled by GHCS and the homebuyer will be notified of the property's eligibility and any property deficiencies. Property deficiencies are required to be repaired and/or corrected prior to closing.

Pre – 1978 homes purchased through the program will be subject to the federal requirements governing lead based paint. More information on lead based paint can be found by calling 336-373-3624.

ENERGY EFFICIENCY GRANT

Purchasers can now qualify for an additional \$3,000 grant when purchasing a newly built or renovated home that is Energy Star qualified. Homes must be certified as Energy Star qualified by an independent, third-party, RESNET-accredited, Home Energy Rater and the certificate must be provided to GHCS prior to closing.

WHAT IS A HOME ENERGY RATING?

A home energy rating involves an analysis of a home's construction plans and onsite inspections. Based on the home's plans, the Home Energy Rater uses an energy efficiency software package to perform an energy analysis of the home's design. This analysis yields a projected, pre-construction HERS Index. Upon completion of the plan review, the rater will

work with the builder to identify the energy efficiency improvements needed to ensure the house will meet ENERGY STAR performance guidelines. The Rater then conducts onsite inspections, typically including a blower door test (to test the leakiness of the house) and a duct test (to test the leakiness of the ducts). Results of these tests, along with inputs derived from the plan review, are used to generate the HERS Index score for the home.

The lower a home's HERS Index, the more energy efficient it is in comparison to the HERS Reference Home. Each 1-point decrease in the HERS Index corresponds to a 1% reduction in energy consumption compared to the HERS Reference Home. Thus a home with a HERS Index of 85 is 15% more energy efficient than the HERS Reference Home and a home with a HERS Index of 80 is 20% more energy efficient.

For more information, visit the www.natresnet.org.

HOW TO APPLY FOR FUNDS

The \$3,000 grant may only be used in conjunction with loans funded through the GAHLI program. The grant may only be used towards writing down the purchase price of the property. No funds are to be transferred to the buyer.

TERMS:

RESNET – Residential Energy Services Network

HERS – Home Energy Rating

STEP 3: QUALIFY

PROGRAM CRITERIA

- Participants must be a first time homebuyer or cannot have owned property within the past 3 years.
- GAHLI funds cannot be used to pay discount points, buy downs or prepaid expenses.

- Participants must obtain a fixed-rate, 30-yr first mortgage from a participating FHA, VA, conventional or portfolio lenders.
- ARM or balloon first mortgage loans are not allowed.
- Non-conforming, high interest rate and fee loans will not be accepted.
- Lender or seller paid 2:1 buydowns allowed.
- Housing expense-to-income ratio must not exceed 33%.
- Maximum debt-to-income ratio may not exceed 41%.
- One house payment must be in a reserve account. Reserve must be verified by lender.
- No cash out to buyer at closing.

First mortgage financing from a participating lender must be approved in order to receive a GAHLI second mortgage loan. Once approval has been granted for first mortgage financing, the participating lender must submit a signed and completed Deferred Second Mortgage Application and Lender Affidavit to GHCS for approval and processing (contact GHCS for form).

A five-day turnaround time is required from approval of the GAHLI second mortgage to loan closing. GHCS prepares closing documents and requests funds much like the first mortgage lender.

For qualified homebuyers, GAHLI provides a no interest second mortgage loan. Funds from this loan may be used for down payment, closing costs, and/or principal reduction. Repayment is deferred or put off until the property is sold or the first mortgage is paid off. The program requires properties to remain owner-occupied for the life of the loan as the owner’s principal residence. Owners must also maintain property insurance and comply with the other terms of the loan documents.

The amount of GAHLI’s assistance is determined by household size and income in relation to our Area Median Income (AMI). The following charts describe the amount of assistance available:

Household Size	Below 50% AMI Limit	Maximum Assistance
1	\$20,050 →	\$4000
2	\$22,900 →	\$5000
3	\$25,750 →	\$5000
4	\$28,600 →	\$5000
5	\$30,900 →	\$5500
6	\$33,200 →	\$5500
7	\$35,500 →	\$5500
8	\$37,800 →	\$5500

Household Size	Below 65% AMI Limit	Maximum Assistance
1	\$26,050 →	\$3000
2	\$29,750 →	\$4000
3	\$33,500 →	\$4000
4	\$37,200 →	\$4000
5	\$40,150 →	\$4500
6	\$43,150 →	\$4500
7	\$46,150 →	\$4500
8	\$49,150 →	\$4500

Household Size	Below 80% AMI Limit	Maximum Assistance
1	\$32,050 →	\$2000
2	\$36,600 →	\$3000
3	\$41,200 →	\$3000
4	\$45,750 →	\$3000
5	\$49,450 →	\$3500
6	\$53,100 →	\$3500
7	\$56,750 →	\$3500
8	\$60,400 →	\$3500

Homebuyers purchasing through the GAHLI program must contribute a portion of their own funds into the transaction. The following chart is based upon household income.

Household Income	Minimum Downpayment Requirement
Below 80% AMI →	\$1250 + prepaids* @ closing
Below 65% AMI →	\$1000 + prepaids* @ closing
Below 50% AMI →	\$750 + prepaids* @ closing

**Prepaids can be paid by the seller or a third party if allowed by the first mortgage lender and loan underwriting.*

GREENSBORO AFFORDABLE HOME LOAN INITIATIVE

INTRODUCTION

The Greensboro Affordable Home Loan Initiative (GAHLI) is a program that provides homebuyer counseling, education and financial assistance to low and moderate income individuals/families.

Funding for the program is provided from the U.S. Department of Housing and Urban Development and the City of Greensboro.

GAHLI is administered by the City of Greensboro.

The City of Greensboro is the lender and servicer of the loan. The City is also responsible for the enforcement of any funding requirements and loan terms.

For additional information, please contact:

Rhonda Enoch
City of Greensboro
300 West Washington Street, Room 315
Greensboro, NC
336-373-4146

www.greensboro-nc.gov/GAHLI

City of Greensboro
Neighborhood Development Department
300 W. Washington Street
Greensboro, NC 27401



GREENSBORO AFFORDABLE HOME LOAN INITIATIVE

NEIGHBORHOOD DEVELOPMENT DEPARTMENT

Division of Housing Services

300 W. Washington Street
Melvin Municipal Office Building, Room 315
Greensboro, NC 27402